REMARKS

This responds to the Office Action dated July 18, 2006, and the references cited therewith.

Claims 1, 10, 16 and 22 are amended and claims 1-40 are pending in this application.

Double Patenting Rejection

Claims 1-40 were provisionally rejected under a non-statutory double patenting rejection, specifically over Claims 1-40 of co-pending U.S. Patent Application No. 10/710,532. Applicant does not admit that the claims are obvious in view of Claims 1-40 of co-pending U.S. Patent Application No. 10/710,532. However, the Applicant will submit a Terminal Disclaimer to obviate any remaining double patenting rejections upon receiving an indication of allowance in the instant Application.

§101 Rejection of the Claims

Claims 1-40 were rejected under 35 U.S.C. § 101 because even though the claims recite functionally descriptive material, this material is not tangibly embodied.

Claims 27-40 all recite programmed computers. Accordingly, these claims are unquestionably statutory. The remaining independent method claims 1, 10, 16 and 22 all now include a recitation that the "automatic" determinations are done "using a computer." This 112 amendment should render these claims unquestionably statutory. Withdrawal of this rejection is respectfully requested.

§103 Rejection of the Claims

Claims 1-40 were rejected under 35 U.S.C. § 103(a) as being unpatentable over "How to Control Your Company's Legal Costs" by Harry J. Maue, in view of Walker (U.S. Patent No. 5,970,478) and in further view of Landry (U.S. Patent No. 5,649,117).

As noted by the examiner, Maue does note that law firms will bill clients for expense items. However, Maue actually makes no mention of costs incurred by a law firm in connection with financing an out-of-pocket cost for a client, a limitation found in one form or another in each of the Applicant's pending claims. For example, claim 1 refers to "financing an out-of-

pocket cost for the first client", while claim 36 refers to "each charge is based in part on the cost of financing funds used to cover payment of the out-of-pocket costs." These are just two examples of the reference each claim makes to such financing.

In fact, Maue actually teaches that a client should limit and prohibit practices in relation to expense items incurred by a law firm. As such, the general approach and tone of Maue reasonably teaches away from the spirit of the claimed invention, wherein a "charge" is prepared for or billed to a client in respect of an "out-of-pocket" cost, such that the "charge" is related to a cost of financing the "out-of-pocket", such as related to the duration of time the out-of-pocket cost is financed (claim 1), or the cost of funds for financing the out-of-pocket costs (claim 10, 16, 22, 32, 36), or parameters associated with a client (claim 27).

The examiner has also cited Walker (US Patent 5,970,478) for the subject matter absent from the teaching of Maue. First, the Applicant asserts that Maue literally teaches away from using the technology of Walker to even try to provide the claimed invention in any of its forms. Put another way, Maue does not provide any motivation for a law firm to find more efficient ways to pass along costs to clients – rather, Maue would suggest law firms should not try to pass along more costs that may upset a client trying to limit such charges per Maue's suggestions.

Further, Walker itself makes no mention of using its teaching to charge clients of a law firm a "separate charge" in relation to an "out-of-pocket" cost. In fact, Walker makes no mention anywhere of the concept of billing a law firm client a "separate charge" that relates to the duration of time that a respective or corresponding "out-of-pocket" is financed. All Walker suggests is that a credit card bill may be sent to a credit card customer and that the credit card company charges a finance charge on the balance of the credit card. Moreover, Walker makes no mention of financing out-of-pocket costs for law firm clients, nor law firms, nor law firm clients, nor anything else that pertains to how law firms should deal with handling the out-of-pocket costs for law firms. As such, there is no motivation to look to Walker to create a system for billing clients in relation to out-of-pocket costs.

The use of Walker's technology to obtain the operation claimed by the Applicant is not only not obvious, it is not really possible. If a law firm were to use a single credit card account to pay one expense for one client and a second expense for a different client, the credit card of Walker would bill the law firm one bill with a finance charge that is 1) undifferentiated between

the two expenses carried on the card – and there NOT providing "separate charges" for each out-of-pocket expense; and 2) the finance charge would not be related to the duration of time that each out-of-pocket expense was carried by the law firm, because the credit card company would have no way to determine a "duration of time associated with financing an out-of-pocket cost for" a "client", as the credit card company would not have any information on how long a client may require financing the out-of-pocket cost. Only the law firm would have such information, and Walker nor any of the other references contain any hint of suggestion that such information would be provided to the credit card company. In point of fact, the application of Walker to obtain the Applicant's claimed invention is nonsensical and far from a sound basis for a rejection. This requirement that a client be associated with a "duration of time" (claim 1), a "fee schedule" (claims 10, 22 and 36), a "billing plan" (claim 16 or 32), or a "parameter" (claim 27), for the purposes of determining an "separate charge" is no where found in Walker or Landry as is more fully distinguished below.

The Examiner also notes that Maue and Walker do not teach that the separate charges are automatically determined, but alleges that Landry suggests that this is well known in the art. First, the Applicant notes that Landry does not teach that its billing system should be used by a law firm to pay the out-of-pocket expenses of clients. For the purpose of argument without any admission that Landry teaches applicability to billing separate charges, if we assume that the payees of Landry are vendors that are providing services to clients, it then logically follows that the client would be set up on the Landry system as a payor for these payees. If that were the case, then the client would pay its own costs directly through Landry's system, and the law firm would not be required to go "out-of-pocket" for such costs. Accordingly, in this scenario, the Applicant's claimed subject matter would not come into play as there is no "out-of-pocket" cost to be concerned with. So, according to this reading of Landry, Landry is used to set the client up to pay its expenses directly such that the law firm does not have an out-of-pocket expense at all to deal with. However, this is not at all what the Applicant is claiming.

An alternative reading of the motivation to use Landry would be that Landry is used to automate the payment by the law firm of vendors (payees) that were providing services for the benefit of a law firm client. This reading makes less sense in the context of the problem addressed by the Applicant's claimed subject matter, as the problems addressed by the claimed

subject matter do not include the burden of manually paying vendors. But, in any event, using this less logical approach, the vendors (providing a service for the benefit of a client) would be set up as payees of the law firm/payor in the Landry system. The law firm would then use the system of Landry to pay the vendors for such services. The bill payment system operator would in turn bill the law firm for its payment services (Landry's service fee noted in Col. 35 Ln. 36-58), and the law firm would pay the operator for such services – for example the operator may debit the law firm payor account. In this scenario, the only parties presenting a bill are the vendors, who are presenting a bill to the law firm, and there is no accounting for any bill being generated by the law firm to the client, which is the point of determining the separate charges so that the law firm can bill the client for the charges, and as is expressly claimed in all of the Applicant's claims.

Still further, neither proposed use of Landry discussed above provides that any party (either vendor or client or otherwise) is to be invoiced for an associated charge in relation to an out-of-pocket cost. In either scenario described above, the "associated expense" is presumably the fee charged by the system operator to make automated payments for the law firm. That would not be a charge determined in relation to a specific out-of-pocket cost. Thus, Landry also fails to show this feature of the Applicant's claimed invention.

Still further, Landry does not teach that the finance charge is dependent, in part, upon the duration of the period of time between billing and collection for the law firm. Applicant notes that if we assume in Landry that the payor is the client, then this configuration would be inconsistent with the above noted configuration wherein the payor is the law firm paying the vendors on behalf of the clients. Nonetheless, if we assume the Payor is the client, the client vendors would be the payees, and therefore the vendors would be the ones, in this posited configuration, that would have to be the parties that bill the client payor for interest. On the contrary, in the Applicant's claimed system the law firm is presenting the "separate charge" that includes a cost of finance component.

Thus, even if one were motivated to use Landry in any of the configurations that can be gleaned from the alleged motivation to combine proffered by the Examiner, the resultant operation would not come close to meeting even the most rudimentary aspects of the Applicant's claimed system and method. In point of fact, the technology disclosed in Landry is simply an

automated bill payment system that merely provides infrastructure for presenting and paying bills electronically. For example, Landry does not disclose a single one of the elements noted by the Applicant's hereinabove. It does not mention even once law firms or lawyers or even professional service providers. It does not mention even once out-of-pocket costs or the notion of a law firm paying an out-of-pocket cost. It does not mention even once finance charges or how to calculate them – in fact the service of Landry doesn't care about finance charges as it has nothing to do with the loan of money or financing whatsoever. It does not mention even once anything concerning when to determine a finance or loan charge. It does not mention even once determining an associated expense with a finance or loan charge portion for each out-of-pocket expense paid by a law firm. It does not mention even once a law firm using at least two accounts to pay expenses, with one used to pay financed out-of-pocket expenses. It does not mention even once presenting an associated expense together in the same invoice with the underlying out-of-pocket expense.

Further, Landry not only fails to show the subject matter, it actually teaches away from it. It teaches the use of a single Payor account by a particular payor, not at least two different accounts with one used for a particular type of expense as disclosed only by the Applicant. Further, in Applicant's claimed subject matter, the law firm invoices a client and the invoice includes both an entry for the out-of-pocket expense for which the law firm seeks reimbursement, and also for the "separate charge." Landry, however, teaches that their service charge should be billed separately. It would appear, therefore, that not only is Landry totally devoid of teaching of even the most rudimentary elements of the Applicant's claimed subject matter, the reading given to it by the Examiner, no matter how one looks at it, leads only to a result that is quite different than that taught and claimed by the Applicant. Accordingly, the Section 103 rejection of the Applicant's claims in view of the combination of Maue, Walker and Landry fails to set forth a *prima facie* showing of obviousness, and should be withdrawn.

Given the failure of the art cited, alone or in combination, to teach the claimed combination of the Applicant's independent claims, the remaining pending claims dependent thereon are also believed free of the art for the same and addition reasons owing to the limitations they may add to those claims.

CONCLUSION

Applicant respectfully submits that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone Applicant's attorney at (612) 373-6902 to facilitate prosecution of this application.

If necessary, please charge any additional fees or credit overpayment to Deposit Account No. 19-0743.

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CERTIFICATE UNDER 37 CFR 1.8: The undersigned hereby certifies that this correspondence is being filed using the USPTO's electronic filing system EFS-Web, and is addressed to: Mail Stop Amendment, Commissioner of Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on this 18 day of January 2007.

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Name

Signature